

ANDY TAYLOR

Andy Taylor – CEO and Member of the Board of Radius Systems Ltd., Head of Mergers & Acquisitions committee.

1999 – 2005: Group Managing Director of Hepworth Building Products, a division of Hepworth Plc, a £700m turnover Heating and Building Materials Group.

2005 – Oct 2010: Wavin BV, Executive Vice President, Member of the 4 man Management Board (by way of the acquisition of Hepworth Building Products in 2005) with Executive responsibilities for the Regions UK/Ireland, South West Europe, South East Europe and all activities outside of Europe, the Building & Installation Strategic Business Unit, R&D and the Group's commercial activities.



– How did you come to plastic pipe industry? What affected this decision? What made the main influence?

– After over 20 years in the Automotive, Aerospace and Electronics industries I joined Hepworth Plc in 1999 as CEO of the Building Products Division, comprising three businesses all supplying the Building Materials Sector. Hepworth Drainage (Clay sewer), Hepworth Concrete (Concrete Pipes & Fittings) and Hepworth Plastics (plastic pipes and fittings for Hot & Cold, Rainwater, Soil and Waste, Pressurised Water supply and underground gravity).

Hepworth was keen to bring someone from a different background who had worked in more 'dynamic' industries to change the culture and direction of the businesses.

– What do you think was your major challenge and major achievement in the industry?

– In 2000, Hepworth Plc went public to private and were bought by the Vaillant Group, family owned market leading boiler manufacturers. As part of the transaction Vaillant management decided that Hepworth Building products was 'non-core' and ran an auction

to sell the business. The price aspirations were not met and the management team was challenged to increase the value of the business. Three years later we sold the business to Wavin for 3.5x the best offer we had in 2000. As a Wavin Management Board member I was part of the successful public offering of the business in 2006, facilitated the integration and consolidation of Hepworth into Wavin which added 150 Ebitda basis points to the Group performance overnight, and helped the Group to realize record sales of €1.7bn and Ebitda of €234m in 2007/8. When

the crisis hit in 2009 I implemented an automotive cost/efficiency model which helped the Group to realize cost reductions/efficiency improvements of €45m. I also made a number of acquisitions in my 6 years with the Group.

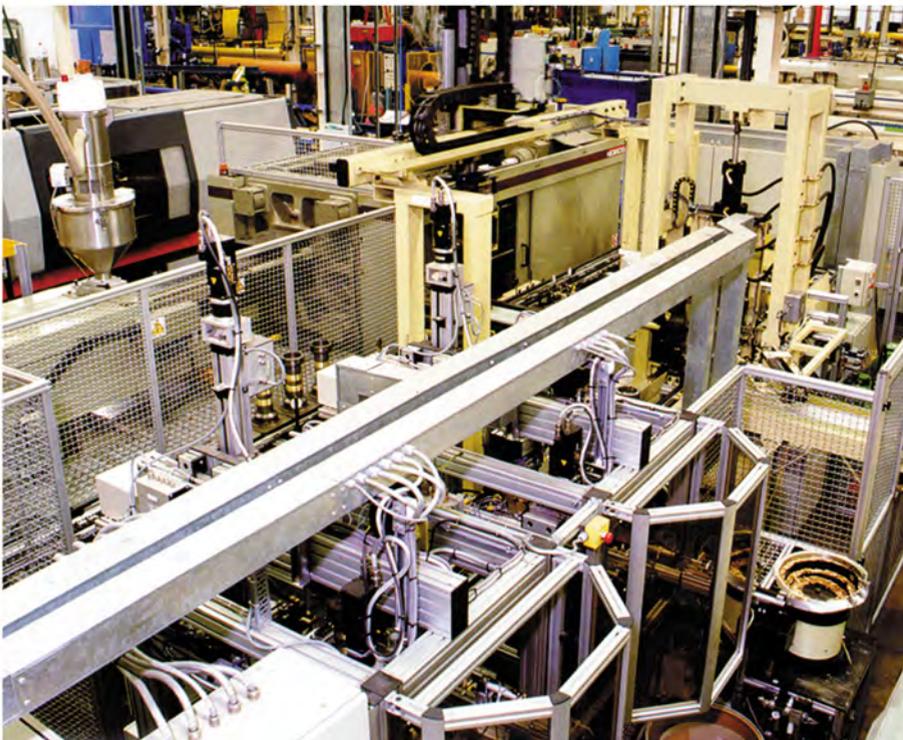
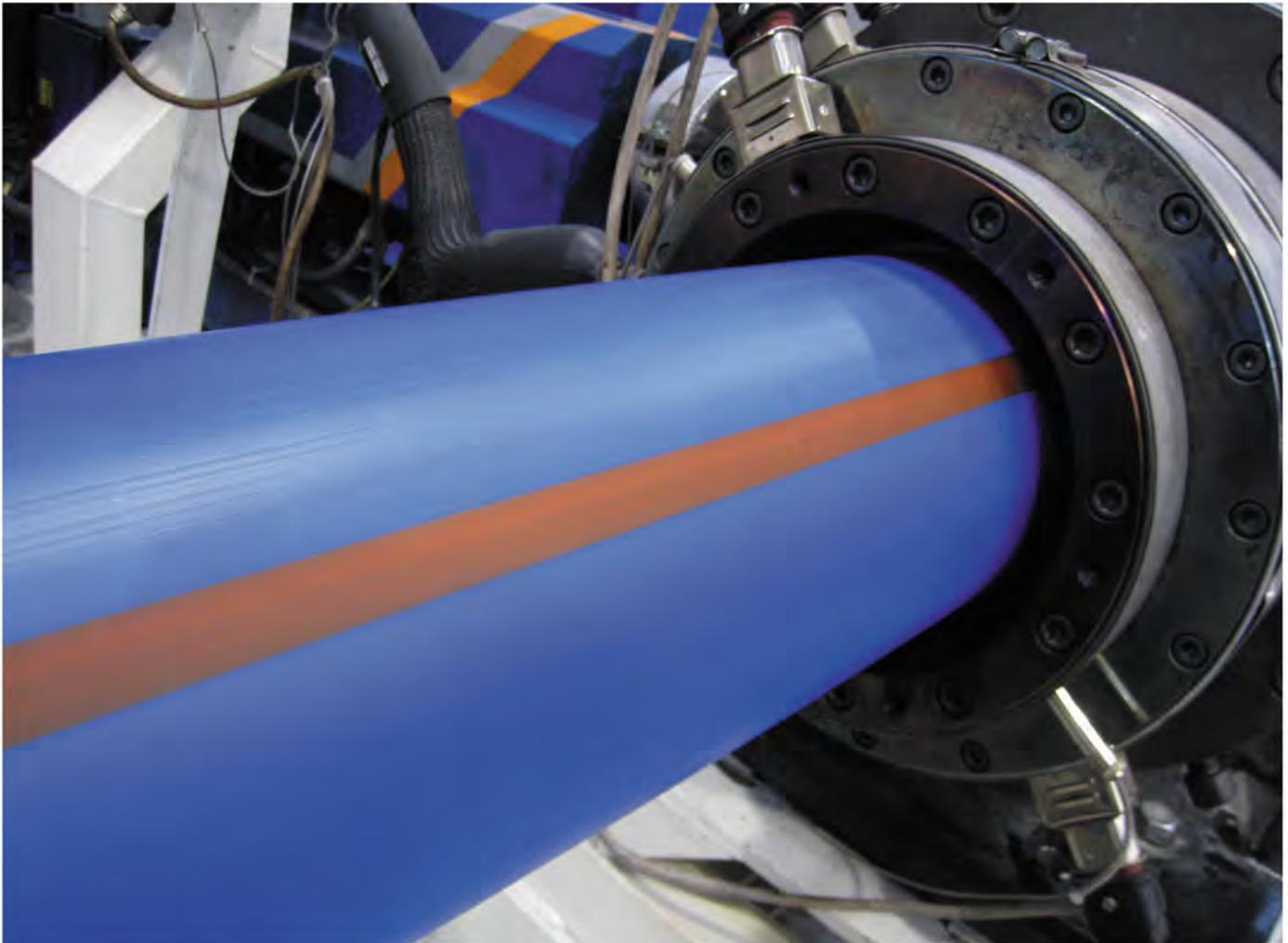
– Have you been involved with any "dead end" projects that were not completed? Were any of them wrongly forgotten?

– Projects never begin life as 'dead ends' and only become so if circumstances change or the upfront evaluation and prioritization has not been well implemented. I wish I had €100 for every acquisition project that failed to be realized!

– What changes have you seen in European market of plastic pipe systems while working in the industry?

– Strangely enough the European market for pipes and fittings is fairly monolithic, in some aspects the 'tectonic plates' move faster. By and large in manufacturing the same players exist today as in 1999. The big change





has been the consolidation in the 'route to market'. Saint Gobain, Wolseley, Cordes und Graeve and Frans Bonhomme have all been part of a massive consolidation which has forced changes in manufacturing. Price pressure, efficiency demands, logistics challenges have all been forced up the Supply Chain and many manufacturers have not been able to take out cost fast enough to remain acceptably profitable. We should not be surprised about these pressures as many other industries have already weathered such demands.

– What was the Global Financial Crisis affect (negative and positive) on the plastics pipe industry?

– As there were very few 'casualties' (i.e. no major players went out of business) the crisis created massive over capacity in the industry which dragged prices lower. Unfortunately ours is an in-

dustry which seldom recovers the value reduction realized in such situations. Our client base perceive 75% of the products we produce as commodities and with some lingering over capacity it has been virtually impossible to recover inflationary input costs through higher prices.

– *What do you think about the future dynamics of European, and specifically Eastern European market of plastic pipe systems?*

– Today 15 manufacturers represent only 35-40% of the market for plastic pipes and fittings in Europe. There are hundreds of small producers particularly in the Eastern regions. There has to be some form of consolidation which will create more scale which is the driver for cost reduction and efficiency improvement. Only once this has been achieved will manufacturers be able to discuss with the major

Distribution Groups on a like for like basis.

– *Which new developments in products, materials and technologies might impact the future of plastics pipe industry tomorrow?*

– Anything which takes out cost and improves efficiency is paramount and as an industry we need to think more about this. IBM does not accept a whole shift of scrap whilst changing over a line and Mercedes does not add 4% of free material value to its cars. Our industry needs to get tougher and move towards a 'zero defect' environment. The benefits are immense. With regard to products, I was once told by a former Boss that I should make my products obsolete before the competition does and so, if innovation is an imperative within our business then we should invest appropriately. Unfortunately, unless we have 'ground changing' innovation (par-

ticularly in a segment which is perceived as mostly commoditised) we only create temporary monopolies which exist only as long as it takes our competitors to replicate our improvements. Of course, we need to create such temporary differentials but equally we should look to other areas for opportunities to create value. Taking a lesson from other industries we should look at the transaction cost involved in dealing with our client base. What more could we do to make that relationship more efficient? Areas such as Vendor Managed Inventory, Category management and Logistics management have been very profitable target opportunities in other industry segments.

– Can you, please, say a few words directly to our readers – Russian Pipe industry professionals?

– Our year of Russian parentage has been an exciting and dynamic journey



resulting in a very rewarding working environment. The synergy benefits are very much 2 way and we have lots to learn from each other. We are working hard with our colleagues to bring new and interesting products and technologies to your markets which we hope will make a significant difference in our relationships in the future.

– In the addition – several questions for the form of Marcel Prust. What is your hobby?

- Golf, music, family, food and drink.
- What is your main feature of character?
- My 'Scottishness'!

- Where would you like to live?
- Scotland, without the rain and with average temperatures of around 28°C.
- Who are your favorite writers?
- Goscinny&Uderzo, Johnny Hart, Charles Dickens.
- Who are your favorite poets?
- Robert Burns, T.S. Eliot.
- Who are your favorite artists and composers?
- Eric Clapton, Stevie Ray Vaughan, Mozart, Debussy.
- Who are your favorite personages?
- Stephen Hawking, Bill McLaren, Denis Law.
- What is your favorite dish and drink?

- Fish, shellfish, burgundy and Scotch Whisky (not less than 12 years old).
- Which historical personages arouse sympathy?
- William Wallace, Robert the Bruce, Shakespeare, Einstein.
- What is the condition of your spirit in nowadays?
- Motivated and content.
- What is your favorite aphorism?
- Carpe diem (Seize the day)
- If the devil offer you the immortality, would you agree?
- Only if he could make me 25 years younger and irresistible to women!

